

## Frequently Asked Questions

**March 20, 2006**

**Question #1: May applicants submit completed VEI applications electronically to DHCD?**

Answer: No. Applicants may complete application forms electronically but are required to submit one original application with signature in ink as well as four copies to:

Victoria Taugner  
Program Administrator  
Virginia Department of Housing and Community Development  
Office of Community Revitalization and Development  
501 North Second Street  
Richmond, VA 23219

Applications may be hand delivered or sent via U.S. mail and must be in DHCD's offices no later than 5pm on Monday, May 1, 2006.

**Question #2: Is it required for the MDO to have one full-time (35 hours/week), dedicated ME staff person as well as an additional full-time staff person for Admin. support?**

Answer: The MDO is required to have a full-time, dedicated staff person for the ME program. The MDO is strongly encouraged, though not required, to align administration support for the ME program.

**Question #3: If the ME program has a few people who provide support to the MDO for ME-related work part-time such that the combined total of their hours is 35 or more per week, may that substitute for one, full-time, ME staff person?**

Answer: No. The MDO is required to have at least one, full-time ME staff person on board. Please indicate if there are additional staff that provide support to the ME program over and above the one full-time ME staff member. This will show a competitive edge in the application process.

**Question #4: When determining the appropriate figures for the various cohorts that an MDO serves, is it necessary for the applicant to acquire the data for each county in the service area?**

Answer: Yes. The MDO will acquire the appropriate census data and may access the information via the Weldon Cooper website at:  
<http://www.coopercenter.org/demographics/CENSUS%20DATA/Census%202000/index.php>

The appropriate data is acquired for each county, then combined to get the appropriate figure for the cohort group served.

**Question #5: May applicants refer to the new 2006 Section 8 HUD income limits when calculating the number of households with incomes below 80% of the median income for the locality?**

Answer: It is recommended that applicants utilize the census data from the Weldon Cooper Center for Public Service (link provided above) for calculating the appropriate figure for the number of low-income households. In this way, all applicants are providing responses to questions based on data from one source, ensuring greater consistency. Also, it is anticipated that accessing data through the Weldon Cooper website will simplify the process for determining the appropriate figures for each cohort.

**Question #6: Under the section entitled “Products and Services”, p. 6, question #1 of the application form, is it necessary for applicants to complete a flowchart?**

Answer: No. The applicant response to this question is a narrative explanation of how services are accessed within the MDO. The response is meant to clearly describe the process that a microentrepreneur goes through in participating in training, accessing capital, or receiving technical assistance. The applicant does not need to submit an actual flowchart (diagram) with projections of how many clients are served.

**Question #7: Under the section entitled “Program Impact through Projected Goals”, p. 9, question #1, is it acceptable to list and provide projections for additional cohort groups not shown in the table?**

Answer: Yes. If the applicant provides ME services to a cohort not listed, please add the group(s) to the table (i.e., people w/ disabilities, refugees)

**Question #8: Under the section entitled “Program Impact through Projected Goals”, p. 9, question #1, do projected goals differ between Year 1 and Year 2 for each criteria?**

Answer: Projected goals may be higher in Year 2 than in Year 1 as the MDO has had at least one year of experience implementing the ME program. With systems in place, as well as the potential to build a stronger program, higher goals may be more attainable.

**Question #9: Is the data in the Annual Projections Chart in Attachment B, p. 14 to be used as a model for what applicants should aim for in their own projections?**

Answer: No. The example provided is hypothetical and merely meant to demonstrate the “funneling process” that proceeds from target market to

specific outcomes. The values and percentages shown are not meant to be illustrative of what applicants should aim for in their own projections. The projections determined by the MDO are based on capacity, competitors, characteristics of the environment, etc.

**Question #10: For the Annual Projections Chart in Attachment B, p. 14, how are the percentages determined for each criteria?**

Answer: The Annual Projections Chart illustrates a funneling process for the chain of services offered to clients as they move through the MDO. Thus, percentage projections for each criteria are an estimate of the criteria listed directly above. For example, the MDO projects that it will recruit 50% (from example in application form) of the projected market share (347 individuals or 15% of the target market). Remember that the numbers and percentages listed in the chart in the application form are examples and not indicative of what the applicant should necessarily aim for.

**Question #11: Is it possible to complete the budget in an Excel spreadsheet instead of the Word document provided?**

Answer: Yes. The budget form will be made available in an excel spreadsheet with instructions for completion forthcoming.

**Question #12: Is it acceptable for the budget form to include the value of in-kind contributions?**

Answer: Yes. The budget form (Attachment D) is meant to show the financial picture for the entire ME program. Thus, the value of in-kind contributions is included in the budget under “Non-VEI” (column Y) as well as documented on the “In-kind Documentation for ME Program” form (Attachment E). Specific guidelines on what in-kind contributions are and how they are valued are forthcoming.

**Question #13: When the applicant denotes all leveraged funds in the budget, in order to meet the match requirement, is it acceptable to include funds which have been “promised” but for which a firm commitment in writing is forthcoming from the partner?**

Answer: In completing the budget, the applicant must make sure that the minimal amount of funds needed to meet the match requirement is “locked in,” additional, potential funds should be noted along with their status to indicate possible additional leverage. The applicant must include documentation from the secured partner signifying the dollar amount of the contribution. VEI wants to avoid a scenario in which an applicant is awarded the grant but is unable to meet program requirements and fully deliver ME services to clients because matching funds are not available.

**Question #14: What type of funds does the loan pool consist of?**

Answer: Funds for the MDO’s loan pool may be provided from a variety of sources – both VEI and non-VEI, completely non-VEI, etc. The total capital

available and specified in the application must be used to issue microloans (individual loans of \$35,000 or less). The matching ratio for VEI to non-VEI funds for loans is 1 to 3.

**Question #15: If the MDO brokers loans through a partner, does the associated salary cost of this service get documented under Technical Assistance (column C) or Microloan Fund (column D) on the budget form?**

Answer: The MDO should determine, internally, how best to budget this expense. Either option is acceptable, but should be documented consistently.

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**April 5, 2006**

**Question #16: Under the section entitled, “Target Market Analysis”, p. 5, question #7, what should the applicant be sure to mention in providing information about the demographic trends?**

Answer: The applicant should discuss any recent trends in demographics which would affect the number of potential clients for microenterprise development. As an example, consider a large corporation laying off a significant number of employees. Such an event may impact the number of low to moderate income households in a particular service area.

**Question #17 (Expanded from Question #10 above):  
For the Annual Projections Chart in Attachment B, p. 14, how are the percentages determined for each criteria?**

Answer: The Annual Projections Chart illustrates a funneling process for the chain of services offered to clients as they move through the MDO. Thus, percentage projections for each criteria are an estimate of the criteria listed directly above. For example, the MDO projects that it will recruit 50% (from example in application form) of the projected market share (347 individuals or 15% of the target market). Remember that the numbers and percentages listed in the chart in the application form are examples and not indicative of what the applicant should necessarily aim for.

Example 1: To determine the appropriate percentage for the criteria “Referred to loan committee”, the applicant will derive the projected number and percentage from the combined total for “Completed Business Plan” and “Business Plan Development Training”. The calculated projection and percentage must not be calculated by double-counting individuals who participate in the business plan development training and who subsequently complete a business plan.

Example 2: To determine the appropriate percentage for the criteria “Post Loan Technical Assistance”, the applicant will derive the projected number and percentage from the criteria “Number of loans made (VEI and non-VEI)”.

**Question #18:** In the application form, for question #6 (Lending criteria) and question #7 (Microloan management) on p. 6, how should the applicant distinguish his/her responses between the two questions?

Answer: For question #6 (Lending criteria), the applicant will provide responses which illustrate the determinants for how a loan application is considered **before** the loan is issued. For question #7 (Microloan management), the applicant will provide detailed responses of what happens in the management of and procedures for a loan program **after** loans have been issued.

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**April 7, 2006**

**Question #19:** Under the section entitled, “Target Market Analysis”, p. 5, question #6, how shall the applicant determine the appropriate figure for the cohort, *minority over 16*?

Answer: As the census data for 2000 do not provide direct statistics in response to this question, a rough calculation may be done. This calculation can be done as follows:

- STEP 1: Under the “Sex and Age” category of the census data, the total number of people over the age of 15 must be determined by adding together the population of each age category (i.e. 15 to 19 years, 20 to 24 years, 25 to 34 years, etc.). Although the application form requests the appropriate figure for minorities over the age of 16, the age groups specified in the census data begin with the group “15 to 19 years” which provides a close estimate to 16 years and over.
- STEP 2: The figure determined from step 1 above is then divided by the figure provided for total population of all age groups, male and female. This calculation gives you the percentage of the total population which is 15 and over for the particular county or city.
- STEP 3: Under the “Race” category of the census data, a number of different races are listed with associated populations for each race. Similar to what was done in step 1, you may add together the population of each race (excluding “White”) to get a total figure for the number of minorities in the county or city.
- STEP 4: Multiply the percentage determined from step 2 above by the number calculated in step 3 above.
- STEP 5: The final figure is a rough calculation for the number of minorities over 15 for a particular city or county.
- STEP 6: Do not forget to follow the steps above for each city or county within your service area to get a cumulative number.

**Question #20: For question #6 under the section entitled “Target Market Analysis” on p. 5 does the number of LMI households need to be determined for each city or county that the MDO serves?**

Answer: Yes. Please refer to pages 14-15 of the application instructions for guidance on how to determine the number of LMI households or the number of households with incomes below 80% of the median for a particular county or city. The calculation needs to be done for **each** city or county that the MDO serves. The cumulative total may then be noted on the application form.

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**April 12, 2006**

**Question #21: Under the section entitled “Program Impact through Projected Goals” on p. 9, should the quantitative goals for *\$ amount of available microloan funds* and *\$ amount of issued microloans* be based on future, expected projections or on what the MDO presently has?**

Answer: The MDO should base the quantitative goals on what it projects for future fiscal years. Thus the *\$ amount of available microloan funds* is based on what the MDO expects it will have available. Also, the *\$ amount of issued microloans* refers to the total dollar amount that the MDO expects it will lend (all loans combined).

**Question #22: For the “Annual Projections Chart”, how is the figure for “Business Starts, Expansions and Strengthening” determined?**

Answer: The applicant will base this projection on the enrollment rate.